BR DISTRIBUIDORA

Performance 2Q21

Conference Call 2Q21

BR Distribuidora is hosting a teleconference with simultaneous translation on August 11 2021 to discuss the Company's results for the second quarter of 2021. The presentation can be downloaded from the Company's website one hour before the teleconferences commence.

Time
11:00 AM (Brasília time) / 10:00 AM (New York)
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For queries or if you are unable to connect to the call, please contact us on the e-mail sac@voitel.com.br or the telephone number +55 (11) 4003-1858.

The transcription, presentation and audio will be made available after the teleconference/webcast on the Company's site: ri.br.com.br

Message from Management

A "TRUE CORPORATION"

In the second quarter of 2021 we carried out the follow-on for the sale of BR shares held by Petrobras. This was the largest such transaction in 2021, and one of the largest in the history of B3. Upon completion of the transaction, Petrobras sold all of its remaining interest in BR of 37.5%, meaning BR is now a true corporation. We believe this milestone signals a new phase in the Company's trajectory. On the one hand, the offering's success eliminated risks hitherto perceived by the market in relation to the impacts that offering a significant portion of capital could have on share prices. By removing this component, we understand that the Company's shares could more directly reflect the creation of value deriving from the measures we are introducing. This resulted in the diversification and expansion of our shareholder base, with roughly 43% of them being foreign, or around 68 thousand individuals, in addition to more than 2,600 institutional investors, generating an average daily trading volume of around R$ 400 million. In addition to being a Corporation, this made BR one of the most liquid companies in the Brazilian stock exchange, resulting from a privatization entirely conducted in the capital market.

The Company is continuing its trajectory of transformation and value creation, consolidating its leading position in its segments, not just in terms of scale and market share but also its ongoing advancement in cost efficiency and profitability. The steps taken thus far since privatization have already elevated the company to a new level of margins and efficiency. And we believe that our future as a True Corporation will provide great opportunities for BR to continue advancing down its transformation, energy transition and sustainability agenda. In our 1Q20 earnings release the Company shared a number of the leading initiatives in progress and its value creation potential. These initiatives and others continue to be implemented, systematically monitored by the Executive Board to guarantee that all opportunities that arise are taken advantage of. We will address these initiatives and their progress thus far further on in this report.

THE SECOND QUARTER

In the second quarter, our adjusted EBITDA was **R$ 1.018 billion**, taking our **unit EBITDA** to **R$ 115/m³**. This demonstrates the continuity of BR's trajectory towards new levels of efficiency, profitability and agility as we advance in our strong agenda for organizational transformation, initiated over recent quarters. It is important to point out the accumulated performance in 1H21, with adjusted EBITDA of some **R$ 2.200 billion**, or 62% more than in 1H20 (R$ 1.361 billion).

These results deserve special attention as they were achieved in a challenging business environment due to the worsening pandemic as the nation faced the so-called second wave of Covid-19. This forced municipal and state governments to impose restrictions on mobilities that reflected on the entire economy, including a general lowering of the amount of fuel used. Our **overall sales volume dropped some 5%** in 2Q21, when a favorable seasonal influence is expected over demand for our main products in relation to 1Q21.

April/21 was particularly affected by the restrictive measures. However, over the quarter sales recovered as vaccination advanced, bringing with it a return to economic activities. In June 2021 sales were pretty much normal and higher than the monthly averages of the first quarter, and even exceeding June 2019, before the pandemic. Sales continued to behave this way in July, so the outlook for sales volumes in 3Q21 is good.

Note that 2Q21 earnings were hardly impacted by price adjustments in the period. The higher value of our inventories was offset by gains on commodity hedges settled in the quarter, with a combined effect of just -R$ 12 million on adjusted EBITDA or **-R$ 1/m³**. In this quarter we continued having a positive contribution from tax gains, which boosted earnings by R$ 153 million (**+R$ 17/m³**). If we exclude the effects of inventory and hedge variance and tax gains obtained for the purpose of analysis, our **adjusted EBITDA, normalized** for these effects, was R$ 882 million or about **R$ 100/m³**. In our opinion, this is an excellent result, and was the Company's largest normalized EBITDA margin on record for the second quarter. Remarkably, this result occurred amidst the pandemic and a loss of scale due to the volume procurements in the period (the **aviation segment**, for example, **contracted by 23%** in the sequential comparison).

In this quarter our **market share** diminished slightly in comparison with 1Q21, to **27.6%** in 2Q21 (**-0.5 p.p.** vs. 1Q21). This modest sequential contraction of consolidated market share was primarily due to the sharp decrease in demand observed in the aviation segment, especially in commercial aviation where BR has a larger share, which led to a **2.4 p.p.** decrease in market share in this segment. In the YoY comparison, we are still reporting a significant gain in consolidated market share (**+1.6 p.p.** vs 2Q20). If we compare YTD results, we are also **+2 p.p.** ahead of where we were last year. It should be noted that the Company's market share over the quarter continued on an upward trend, and the share in June/21 was **28.9%**, and therefore much higher than at the end of 1Q21 (27.2%) in March.

We maintained our focus on long-term relations, always pursuing equilibrium between market share and margins that protect the competitiveness of our clients and whenever possible avoiding sharp oscillations due to short-term gains. Similarly, we continued our effort to expand our network of service stations, which in the twelve-month window has now seen a net addition of **+302 stations**, including a net addition of **+18 stations** in the second quarter alone.

The Company's net income in 2Q21 was **R$ 382 million**, and therefore more than double that achieved in the same period last year (+**103% vs 2Q20)** or **22%** less than **1Q21**. The accumulated profit in the first half (1H21) was **R$ 874 million**, **107%** more than in the same period last year. Leverage rose on the previous quarter to **1.4x** Net Debt / EBITDA for the last 12 months, with **net debt** reaching **R$ 6.6 billion**. The main factor contributing to this net debt increase was the payment of dividends of R$ 1.1 billion in April, as resolved by the Annual General Meeting, which also approved the declaration of additional dividends of around R$ 700 million, with a payment deadline of December 2021.

We understand that our strong cash generation, coupled with the higher authorized leveraged range (up to 2.5x Net Debt / LTM Ebitda) should create an opportunity for a balanced and gradual capital allocation, with plenty of room for organic opportunities and new avenues of growth. We also believe there is room for these allocations to be complemented by additional shareholder distributions. At the end of 2Q21, i.e. the end of July, we announced we had approved the distribution of advanced compensation to shareholders in the form of **Interest on Equity** for financial year 2021, amounting to **R$ 554 million**. Coupled with the R$ 498.3 million already paid in January as interest on equity for FY 2020, plus the aforesaid dividends of R$ 1.1 billion settled in April and the roughly R$ 700 million to be distributed by the end of the year, this takes the total disbursements in 2021 to around R$ 2.85 billion.

In July 2021 we also approved the launch of a share buyback program with an authorized total of R$ 1.5 billion and term of 18 months, which should provide management another opportune capital allocation option. Management's decision to open the program was made because of the perceived value creation potential for the Company, based not only on all the actions implemented since privatization, which have ushered in a new level of efficiency and profitability, but also in the opportunities and initiatives in progress, which will significantly contribute to its already robust and resilient cash generation.

LOOKING BEYOND 2Q21

As mentioned earlier, our product sales volumes followed a gradual trend of growth in the months following April, the month most affected by the pandemic, with this recovery remaining in place beyond the end of 2Q21. The **aviation segment** volumes, for example, recovered at a rate of **20% a month**, achieving a volume in July **74%** greater than in April. **Otto cycle** volumes, a segment also impacted by circulation restrictions, reported growth of **6% a month** in the same period, achieving a volume in July 19% higher than in April. The same comparison applied to **BR's total volumes** demonstrates growth of **8% a month**, with the total volumes for July 24% higher than April.

We believe that the ongoing vaccination of our population will support the ongoing trend of improvement in the business world, allowing consumption to return to pre-pandemic levels, a favorable cycle for economies of scale and benefiting margins.

CONTINUING OUR TRANSFORMATION

In recent months we remained focused on implementing multiple initiatives that we announced in our 1Q21 Release which we have reinforced during the Follow-on. Through these initiatives we expect to accelerate the capture of value through additional cost savings, whilst advancing our value proposition for B2B2C and B2B customers, repositioning our business portfolio, releasing capital from less priority assets, adding new avenues of growth and expediting our cultural transformation which is already underway.

Among the most important are the opportunities and savings in increased cost efficiency. This capture is based on implementing more than 200 measures identified, which jointly have the potential to generate recurrent savings of around **R$ 250 million** on 2020 levels, with full effects to be felt next year. These measures are currently underway and as per the original schedule, systematically monitored by the Executive Board. The savings will add to the approximately **R$ 200 million** saved on health plan expenses (already being secured in 2021).

We have also made progress streamlining our shipping, adjusting the shippers we hire and implementing a new system to control fuel transport via tanker-truck ("Control Tower"). We expect our annual shipping costs to be R$ 90 million lower than they were in 2020, again savings to be fully captured by next year.

Improvements in our pricing activities are also underway as planned, and our specialized data-based pricing system is fully operational. This system, which includes machine learning features, takes into consideration all of the data from price and volume surveys and sets the optimum price at any given time to maximize the results for BR and its network of service stations. This system, plus centralized pricing reporting weekly to the Executive Board, should sustain gradual and consistent gross margin growth. Another focus is to use pricing as an attribute within the value-pack offered to our customers as we seek to permanently balance margins, volume and market share.

We are completing the modernization of our lubricants business and increasing the capacity of our lubricant plant. We are also implementing a number of cost and sales channel optimizations that could add R$ 100 million to our Ebitda for this business, to be fully captured in 2022.

We expect our partnership with Lojas Americanas for convenience stores will be approved in 3Q21, and will increase in relevance over time, attracting customers to our service stations as they become an option beyond mere fuel to the more than 30 million people who use our stations. Our initial estimate is to increase our network by more than 1,000 stores by 2025. We believe there is significant untapped potential in this segment.

Actions to take advantages to share or divest our 25 logistics terminals are in the detailing stage. Based on these actions our asset base will be more compatible with our operations, reducing idleness, optimizing costs and freeing up capital employed. This front complements initiatives in progress to retire real estate assets, where we are developing a structured solution to divest from some **250** gas station properties, in addition to retiring offices, now realized.

We continue to believe there are possible additional gains to be made by developing trading businesses, both for ethanol and derivative products. We remain focused on creating an ethanol trader, which will enable us to more actively capture arbitration and improve profits on ethanol acquisitions for our customers. We also identified additional opportunities to generate margins through a more active and structured participation in the oil product trading business, which the Company is now structuring internally.

In our power trading business, recently acquired Targus shows great potential and should gain relevance in BR's portfolio of businesses. The sum of our attributes - BR and Targus - creates a competitive edge that puts us at an advantage in this market, which should experience major transformation in the near future, as the larger number of free consumers will create numerous advantages going forward.

We lastly point out our cultural transformation agenda. This aims to nurture the soft skills and mindsets we must all develop to face the challenges of the Company’s transformation. Operating in an industry that is constantly changing will require new distinctive action on the part of BR, in the face of well-structured competitors and looking at new issues as they emerge from the expected energy transition. We are having in-depth discussions in this regard, defining the soft skills and mindsets we want in our workforce. We are intensifying our education initiatives and leadership and employee development plans, always supported by frequent research to monitor initiatives implemented thus far.

THE FUTURE

The segments we operate in are undergoing important transformations and will remain in permanent transformation, in respect of both the gradual transition to more renewable energy sources and the way they are consumed. In other words, the consumer experience and associated convenience will undergo major changes in the years ahead.

We are preparing for these new situations and want to play a leading role in this change, adapting our businesses, processes and mindset to the new challenges. Although we have taken the first steps to migrating the Company to activities that we believe are more promising under this energy transition, we know that this new agenda could have much more significant and long-lasting implications on our business environment.

We are therefore completing an in-depth strategic review with the support of international consultants, in order to explore the possible paths of our energy transition. Having analyzed mobility trends, our position in renewables, the ESG agenda, regulatory developments, implications of the digital transformation, the importance of customer centricity, amongst other factors, we will evaluate the various positions available to the Company for the years ahead and intend to discuss the conclusions of this assessment at our Investment Day, scheduled for September 01.

ESG

In 2Q21 we created BR's ESG area, part of the Department of People and Management. BR received important ESG recognitions over the period. For the second consecutive year it was listed in the LSE FTSE4Good index, with a top score in Corporate Governance and Supply Chain Environmental Requirements, and high scores in the criteria related to Risk Management, Climate Change and Social Requirements for its Supply Chain.

BR also received the seal of the 6th Pro-Gender and Race Equity Program of the Ministry of Women, Family and Human Rights, given to companies that prioritize inclusion, culture and education as levers to strengthen human rights.

In the environmental area, we highlight that we had zero oil-spill incidents in the first half of the year. Between April and June, the Cubatão and Bauru basis, as well as the supply house warehouse in Rio de Janeiro joined the free market for electricity. A total of 5 BR operating units migrated to the free market in the first half of the year. This resulted in our units beginning to consume renewable electricity, which will allow us to reduce the greenhouse gas emissions as well as cutting costs.

Our emissions inventory was independently verified for the second consecutive year.

In the social area, the Instituto Meta Educação (Target Education Institute) "Artisan Women of Estácio" program kicked off. This project is sponsored by the Rio de Janeiro Culture Incentive Law trains women who live in the area surrounding our headquarters. Our volunteers were virtual mentors for students in the Rio de Janeiro public school network in what we call Trilha Empreendedora (Entrepreneurial Path), a partnership with IBP and Junior Achievement.

2Q21 Highlights

- **-5.1%** decrease in the sales volume in the QoQ comparison, as a result of lower sales of Coke (-69%), aviation products (-23%) and the Otto cycle (-1.6%), partly offset by higher diesel sales (+3.2%) due to lower product availability (Coke), the upsurge of the COVID-19 pandemic, especially in April and May 2021, in addition to the typical seasonality of the aviation segment. In the YoY comparison, volume rose by **+13.2%** mainly due to the COVID-19 pandemic, with circulation restrictions peaking in the second quarter of 2020. Higher sales of diesel (+13%), Otto cycle (+29%), fuel oil (+66%, thermal power plants) and aviation fuel (+277%), partly offset by coke (-73%), asphalt (-100%, disposal of Stratura) and natural gas (-100%, formation of ES Gás);

- Market share of 27.6%, a -0,5 p.p. decrease in the QoQ comparison and +1.6 p.p. increase YoY. Compared with 1Q21, we draw your attention to the -0.6p.p decrease in diesel and -2.4p.p. in aviation fuel, partly offset by the Otto cycle gain of +0.1p.p. In the YoY comparison, there was a gain of +1.8p.p. in the Otto cycle (gasoline: +1.9p.p.; ethanol: +1.9p.p. and CNG:-0.9 p.p.), +21.4p.p. in Aviation and + 5.1p.p. in Fuel Oil (thermal power plants), with diesel decreasing -0.8p.p.;

- 2Q21 Adjusted EBITDA of R$ 1,018 million (R$ 115/m^3), with R$ 882 million (R$ 100/m^3) normalized for the effects of inventory, commodities hedges and tax gains of R$ 153 million (+R$ 17/m^3);

- Expanding the network of service stations, gaining **+18** stations in the quarter and **+302** in the last twelve months;

- Net debt (R$ 6.6 billion) rose R$ 1.5 billion, mainly due to the payment of R$ 1.1 billion to shareholders in the form of dividends and R$ 600 million in working capital variance, resulting in a leverage of 1.4x at the end of 2Q21.

Performance by Business Segment

CONSOLIDATED

In millions of Reais (except when specified)	2Q21	2Q20	2Q21 X 2Q20	1Q21	2Q21 X 1Q21	1H21	1H20	1H21X 1H20
Volume of sales (thousand m^3)	8,859	7,827	13.3%	9,337	-5.1%	18,196	17,018	6.9%
Net revenue	29,023	14,882	95.0%	26,133	11.1%	55,156	36,070	52.9%
Gross profit	1,273	596	113.6%	1,873	-32.0%	3,146	1,542	104.0%
Gross margin (% Net revenue)	4.4%	4.0%	0.4 p.p.	7.2%	-2.8 p.p.	5.7%	4.3%	1.4 p.p.
Gross margin (R$/$m^3$)	144	76	88.7%	201	-28.4%	173	91	90.8%.
Adjusted operating expenses*	(453)	(643)	-29.5%	(564)	-19.7%	(1,017)	(1,321)	-23.0%
Adjusted operating expenses* (R$/$m^3$)	(51)	(82)	-37.8%	(60)	-15.3%	(56)	(78)	-28.0%
Finance income (costs)	(73)	77	-194.8%	(118)	-38.1%	(191)	(19)	905.3%
Net income	382	188	103.2%	492	-22.4%	874	422	107.1%
Adjusted EBITDA	1,018	816	24.8%	1,182	-13.9%	2,200	1,361	61.16%
Adjusted EBITDA margin (% of Net revenue)	3.5%	5.5%	-2.0 p.p.	4.5%	-1.0 p.p.	4.0%	3.8%	0.2 p.p.
Adjusted EBITDA margin (R$/$m^3$)	115	104	10.2%	127	-9.2%	121	80	51.2%

* The effects of commodities hedges were excluded from operating expenses in the amount of R$ 74 million in 2Q21; R$ -327 million in 2Q20; and R$ 273 million in 1Q21. For the complete note see the section operating expenses in the release.

The total sales volume contracted by -5.1% on 1Q21 mainly due to lower sales of the Otto cycle (-1.5%), coke (-68.7%) and aviation products (-22.5%), because of seasonal factors in the sector and the impacts of the COVID-19 pandemic, especially in April followed by progressive improvements in subsequent months. In comparison with 2Q20 sales rose by (13.2%) due to an increase in the sale of the Otto cycle (29.2%), diesel (13.2%), fuel oil (66.0%) and aviation products (277.5%).

Gross income contracted by -32% on 1Q21 due to lower average sales margins and lower gains on product inventory in this period. There was an increase on 2Q20 of 113.6% due to higher sales volumes and above all the loss in product inventory in 2Q20.

Adjusted operating expenses were R$ 453 million in 2Q21, excluding the effect of Commodity hedges realized in the period (R$ -74 million), and CBIOS expenses (R$ -50 million) and recovery of PIS and COFINS credits (R$ +79 million). There was a decrease of -26.5% on 1Q21 mainly due to: lower impacts from provisions in the period, changing by R$ -33 million; higher recovery of tax credits, increasing by R$ 25 million, an increase of R$ 20 million in royalties revenue, especially under commercial agreements with Franchises/BR Mania; R$ 16 million decrease in tax expenses, mainly due to lower IPTU payments in 2Q21; lower expenses on services R$ 16 million; Higher proceeds from asset disposals in 2Q21 (+R$ 23 million); Partly offset by higher spending on shipping +R$ 9 million due to the increase in the sales volume of fuel oil and higher general expenses (R$ 21 million).

The adjusted EBITDA was R$ 1,018 million or R$ 115/m³, which excluding the combined effect of inventory and import hedges of -R$ 12 million, gains on tax credit recoveries of R$ 154 million yield a normalized Ebitda of R$ 882 million (R$ 100/m³), an important result given the challenges posed by 2Q21. Despite lower benefit from inventory valuation and lower average sales margins, the resilience of our earnings in the period was notable.

RETAIL

In millions of Reais (except when specified)	2Q21	2Q20	2Q21 X 2Q20	1Q21	2Q21 X 1Q21	1H21	1H20	1H21 X 1H20
Volume of sales (thousand m³)	5,410	4,428	22.2%	5,430	-0.4%	10,840	9,384	15.5%
Adjusted net revenue	18,245	9,137	99.7%	16,142	13.0%	34,387	21,738	58.2%
Adjusted gross income	724	301	140.5%	1,118	-35.2%	1,842	783	135.2%
Adjusted gross margin (% of Net revenue)	4.0%	3.3%	0.7 p.p.	6.9%	-2.9 p.p.	5.4%	3.6%	1.8 p.p.
Adjusted gross margin (R$/m³)	134	68	96.9%	206	-35.0%	170	83	103.7%
Adjusted operating expenses*	(203)	(239)	-15.1%	(189)	7.4%	(392)	101	-488.1%
Adjusted EBITDA	434	283	53.4%	721	-39.8%	1,155	588	96.4%
Adjusted EBITDA margin (% of Net revenue)	2.4%	3.1%	-0.7 p.p.	4.5%	-2.1 p.p.	3.4%	2.7%	0.7 p.p.
Adjusted EBITDA margin (R$/m³)	80	64	25.5%	133	-39.6%	107	63	70.1%
Total number of service stations	8,076	7,774	302	8,058	18	8,076	7,774	302

* The effects of commodities hedges were excluded from adjusted operating expenses in the amount of R$ 51 million in 2Q21; R$ - 221 million in 2Q20; and R$ 172 million in 1Q21. For the complete note see the section operating expenses in the release.

Our network of service stations saw QoQ sales volumes remained virtually unchanged, with a reduction of -0.4% in total volumes. We point out the increase in sales of gasoline of 4.3% and diesel of 1.3%, offset by lower ethanol sales of -15.7%. In comparison with 2Q20 sales rose by 22.2%, fueled by an increase in sales of the Otto cycle (29.2%) and diesel (14.5%), as a result of greater impacts of the COVID-19 pandemic in 2Q20.

The adjusted gross profit was R$ 724 million in 2Q21, a decrease of -35.2% on 1Q21, also due to lower average sales margins and lower proceeds from product inventories. The result is the opposite in the YoY comparison, with a 140.5% increase due to higher sales volumes, but primarily due to better results from inventory variance in the comparative period.

Adjusted operating expenses amounted to R$ 203 million in 2Q21, due to higher provisions (R$ -3/m³), lower rental revenue (R$ -2/m³), lower income from joint storage (-R$ -1/m³) and higher income from the sale of assets (+R$2/m³).

The lower sales margin and negative variance on inventory were the main factors behind the -39.8% decrease in 2Q21 adjusted EBITDA. In comparison with 2Q20 there was an increase of 53.4%, mainly due to the higher gross profit (R$ 423 million).

We closed the second quarter of 2021 with 8,076 gas stations in our retail network, growth of 302 stations on 2Q20 and 18 net service stations in the QoQ comparison, which testifies to the resilience of this business and relations with the Network.

B2B

In millions of Reais (except when specified)	2Q21	2Q20	2Q21 X 2Q20	1Q21	2Q21 X 1Q21	1H21	1H20	1H21 X 1H20
Volume of sales (thousand m³)	2,883	3,249	-11.3%	3,175	-9.2%	6,058	6,651	-8.9%
Adjusted net revenue	9,278	5,600	65.7%	8,330	11.4%	17,608	12,180	44.6%
Adjusted gross income	620	427	45.2%	731	-15.2%	1,351	849	59.1%
Adjusted gross margin (% of Net revenue)	6.7%	7.6%	-0.9 p.p.	8.8%	-2.1 p.p.	7.7%	7.0%	0.7 p.p.
Adjusted gross margin (R$/m³)	215	131	63.6%	230	-6.6%	223	128	74.7%
Adjusted operating expenses*	(219)	(218)	0.5%	(338)	-35.2%	(557)	(112)	397.3%
Adjusted EBITDA	364	315	15.6%	278	30.9%	642	582	10.3%
Adjusted EBITDA margin (% of Net revenue)	3.9%	5.6%	-1.7p.p.	3.3%	0.6p.p.	3.6%	4.8%	-1.1p.p.
Adjusted EBITDA margin (R$/m³)	126	97	30.2%	88	44.2%	106	88	21.1%

* The effects of commodities hedges were excluded from adjusted operating expenses in the amount of R$ 23 million in 2Q21; -106 million in 2Q20; and R$ 101 million in 1Q21. For the complete note see the section operating expenses in the release.

In 2Q21 the segment saw sales drop by -9.2% on 1Q21, due to lower sales of green petroleum coke (-68.7, this volume contraction is partly offset by higher fuel oil and diesel sales of 5.7% and 2.2% respectively. The sales volume dropped by -11.3% on 2Q20, mainly due to the decrease in the sales volumes of green petroleum coke (-72.9%) and the exclusion of Stratura and Es Gás from the volume base in the comparative period, partly offset by the sharp rise in fuel oil sales (66%).

The adjusted gross profit stood at R$ 620 million this quarter, -15.2% less than in 1Q21 due to lower average margins, lower sales volumes in the period and lower product inventory valuation.

Operating expenses were R$ 119 million lowers, due to the impact of Samarco's judicial reorganization of R$ 156 million in 1Q21. These results were impacted by the positive variation of R$4/m³ of PCE reversal, accompanied by higher expenses with freight (-R$6/m³), personnel, outsourced services and general expenses (-R$3/m³).

Our Adjusted EBITDA was 31% higher than in the previous quarter as a result of the aforementioned judicial reorganization of Samarco in 1Q21. If the result for 1Q21 is normalized for nonrecurrent effects, we observe a lower sales volume, especially for coke, coupled with lower margins on diesel and lubricants resulting in a lower EBITDA in the QoQ comparison.

AVIATION MARKET

In millions of Reais (except when specified)	2Q21	2Q20	2Q21 X 2Q20	1Q21	2Q21 X 1Q21	1H21	1H20	2Q21 X 2Q20
Volume of sales (thousand m^3)	567	150	276.7%	732	-22.6%	1,299	983	32.1%
Adjusted net revenue	1,740	302	476.2%	1,854	-6.1%	3,594	2,459	46.2%
Adjusted gross income	172	28	514.3%	220	-21.8%	392	223	75.8%
Adjusted gross margin (% of Net revenue)	9.9%	9.3%	0.6 p.p.	11.9%	-2.0 p.p.	10.9%	9.1%	1.8 p.p.
Adjusted gross margin (R$/$m^3$)	303	186	63.1%	300	1.0%	302	227	33.0%
Adjusted operating expenses	(65)	(108)	-39.8%	(114)	-43.0%	179	217	-17.5%
Adjusted EBITDA	107	-80	233.8%	106	0.9%	213	6	N/A
Adjusted EBITDA margin (% of Net revenue)	6.1%	-26.5%	32.6 p.p.	5.7%	0.4 p.p.	5.9%	0.2%	5.7 p.p.
Adjusted EBITDA margin (R$/$m^3$)	189	-532	-135.5%	145	30.4%	164	6	N/A

In the *YoY* comparison, the sales volume in the aviation segment grew by 276.7%, reflecting the seasonal factors affecting the sector and the impacts of the coronavirus pandemic. In the QoQ comparison, we had a reduction of -22.6%, also reflecting the impacts of the COVID-19 pandemic, this segment was the most affected by the pandemic and the typical seasonality of the sector.

The Adjusted gross profit in this quarter was -21.8% lower than in 1Q21, due to the representativeness of domestic commercial flights, reflecting the worsening of the pandemic, and due to the high volumetric share that BR has with the major national airlines and greater inventory gains in the period. Compared to 2Q20, there was an increase of 514.3%, mainly due to the peak of the pandemic suffered in 2Q20.

Adjusted operating expenses were R$ 65 million in 2Q21, a decrease of -39.8% on 2Q20, alongside a decrease of -43.0% on 1Q21. Primarily due to the reversal of the PCEs with certain airlines (R$ 40 million).

The Adjusted EBITDA was R$ 107 million in the quarter, virtually unchanged on 1Q21 (R$ 106 million), despite Adjusted Gross Profit shrinking -21.8% mainly because of lower sales volumes, with lower operating expenses contributing to this result. In comparison with 2Q20 (-R$ 80 million), we observed a recovery compared with the height of the pandemic in 2Q20.

CORPORATE

Corporate primarily consists of the Company's overhead not allocated to other segments. The amounts classified as corporate are presented below:

In millions of Reais (except when specified)	2Q21	2Q20	2Q21 X 2Q20	1Q21	2Q21 X 1Q21	1H21	1H20	1H21X 1H20
Adjusted operating expenses	113	298	-62.1%	77	46.8%	190	185	2.7%
Adjusted EBITDA	113	298	-62.1%	77	46.8%	190	185	2.7%

Adjusted operating expenses allocated to corporate were positively impacted by tax recoveries over the quarters. This result includes Pis/Cofins credits recovered in 2Q21 of R$ 79 million, of R$ 376 million in 2Q20, which similarly impacted 1H20 and 1H21. Credit recoveries were also made that impacted the quarters for ICMS of R$ 75 million in 2Q21 and R$ 128 million in 1Q21. Other institutional expenses and consultancy expenses that are not allocated to segments are also allocated to corporate.

DEBT

In millions of Reais (except where stated)	1H21	1H20	1H21 X 1H20	1Q21	1H21 X 1Q20
Financing	8,299	8,424	-1.5%	9,014	-7.9%
Leases	829	796	4.1%	834	-0.6%
Gross Debt	9,128	9,220	-1.0%	9,848	-7.3%
Swap	(183)	(631)	-71.0%	(821)	-77.7%
Adjusted Gross Debt	**8,945**	**8,589**	**4.1%**	**9,027**	**-0.9%**
(-) Cash and cash equivalents	2,311	5,307	-56.5%	3,893	-40.6%
Net Debt	6,634	3,282	102.1%	5,134	29.2%
Adjusted EBITDA LTM	4,650	3,127	48.7%	4,448	4.5%
Net Debt/Adjusted EBITDA (X)	1.4	1.0	0.4	1.2	0.3
Average cost of the debt (% p.a.)	5.47%	5.2%	0.3p.p.	4.45%	1.0 p.p.
Average debt term (years)	3.5	2.7	27.8%	3.7	-5.5%

The Company's adjusted gross debt stood at R$ 8,495 million in 1H21. Gross debt rose 4.1% on 1H20.

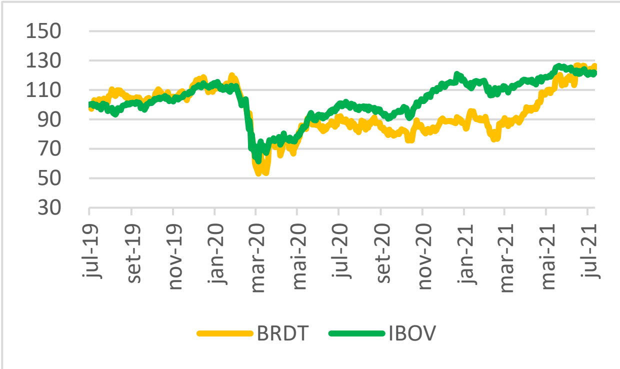
The average cost also rose by 0.3 p.p. in *the YoY* comparison. The Net Debt/Adjusted EBITDA ratio closed 1H21 at 1.4x (1.0x in 1H20 and 1.2x in 1Q21).

Net debt (R$ 6.6 billion) rose R$ 1.5 billion, mainly due to the payment of R$ 1.1 billion to shareholders in the form of dividends and R$ 600 million in working capital variance, resulting in a leverage of 1.4x at the end of 1H21.

CAPITAL MARKET

The average financial volume of BR Distribuidora traded at B3 – Brasil, Bolsa & Balcão from 07/24/2019 to 8/6/2021 was R$ 214.5 million/day, confirming the stock's excellent liquidity. The Company's shares closed trading on 08/06/2021 at R$ 28.05 gaining 20.4% since the follow-on of its privatization. The Ibovespa index gained 18.0% during this period.

BRDT3 Share	
Number of shares (thousand)	1,165
Price at 08/06/2021	28.05
Market value at [8/06/2021] (R$ million)	32,678
Period 07/24/2019 to 8/06/2021	
Average volume shares/day	8,941,065
Average financial volume/day (R$ thousand)	214,541,491
Average price (R$/share)	22.12



INTEREST ON EQUITY AND DIVIDENDS

The total amount distributed as dividends and therefore included in the minimum mandatory dividend, both in the form of interest on equity already announced and dividends to be announced at the Annual General Meeting to be held on April 15, 2021 ("**AGM**") is R$ 2,305,206,951.34, or approximately R$ 1.98 per common share, as shown in the table below:

Description	Payment Date	Gross amount per share (R$)	Total Gross Amount (R$)
Interest on equity already declared and **paid**	01/12/2021	0.42757683954	498,127,018.06
Additional dividends on the minimum mandatory dividend and part of the additional dividends announced at the AGM **(already settled)**	4/30/2021	0.94420600858	1,100,000,000.00
Remaining portion of the additional dividends proposed to be announced at the AGM	until 12/31/2021	0.60693556505	707,079,933.28
Total	-	1.97871841317	2,305,206,951.34

The amount equal to interest on equity shown in the table above was announced based on the share position in place on December 21, 2020 and was paid on January 12, 2021.

We emphasize that the total gross amount of R$ 498,127,018.06 shown in the table above was added to the minimum mandatory dividend, pursuant to article 9 (7) of Law 9.249 of 12/26/1995 and in accordance with article 44 (sole paragraph) of our Bylaws.

In addition, on July 29, 2021 the company approved the distribution of advanced compensation to shareholders in the form of interest on equity (JCP) for financial year **2021.**

This advance should be computed in the 2021 minimum mandatory dividend, ad referendum of the (AGM), without prejudice to any other distributions to be determined at the Annual General Meeting that will examine the financial statements for the financial year ended December 31, 2021. We approved the payment of the total estimated amount of approximately R$ 554 million, with an initial payment of R$ 388,727,989.50 million, to be realized in September/2021 and an additional payment of approximately R$ 166 million to be made in December/2021.

For the first portion, the gross advance is equal to R$ 388,727,989.50 equal to R$ 0.33367209399 per share, to be made on September 29, 2021, based on the share position as of September 13, 2021 (inclusive). Company shares will be traded ex-interest on equity, for this initial payment, from September 14, 2021.

This amount is also subject to the deduction of withholding income tax (IRRF) in accordance with applicable law, with the exception of shareholders who are shown to be immune and/or exempt.

In respect of the second installment, the precise amount and the share position base date shall be reported to the market as soon as the TJLP applied to 4Q21 is known.

OPERATING EXPENSES

In accordance with the goals outlined in our sourcing initiative, we have constantly sought to increase the competitiveness of the products we acquire through new trading strategies, leveraging arbitrage opportunities and pursuing the best supply sources for the various products we sell. This pursuit has led to fuel imports becoming a structural and relevant part of our supply strategies.

Coupled with intensifying product import operations, this strategy has heightened the importance of hedges for international cargo, to mitigate risks posed by future price changes, enabling us to secure certain arbitrage opportunities. In accordance with the Company's risk management policy, commodity derivative transactions are secured by commercial and supply activities.

However, in the first quarter of 2020, the huge importance of imports in the Company's operations combined with sharp contractions in international commodity prices, due to the mismatch between supply and demand, intensified by the effects of the COVID-19 pandemic on global consumption levels. This combined effect meant hedge transactions acquired greater importance in the Company’s results.

Accounting standards state that a derivative financial instrument should be measured at fair value with changes recognized in profit or loss. These operations essentially follow a business model aiming to protect operating margins with no speculative intent, thus constituting an economic hedge used to reduce risks posed by the volatility in commodities prices (economic protection from exposure), without taking into account any impact caused by the accounting mismatch in the financial statements.

Recording the fair value of derivative financial instruments at the end of each reporting period does not differentiate settled operations from outstanding operations. We therefore believe it is appropriate to adjust EBITDA, eliminating the effects of commodities hedges still in progress, as disclosed in the note 'Our financial and operational information explained' in this release, where we demonstrate the EBITDA reconciliation. It is therefore our opinion that this makes our hedge results more compatible with the corresponding physical operations.

The table below presents the reconciliation of the impacts on adjusted operating expenses for both consolidated and operating segments:

BR Consolidated (In millions of Reais)	2Q21	2Q20	1Q21	1H21	1H20
Adjusted operating expenses	(498)	60	(887)	(1,385)	(494)
Commodity hedges settled	74	(327)	273	347	(451)
PIS/COFINS income	(79)	(376)	-	(79)	(376)
CBIOS	50	-	50	100	-
Operating Expenses without Hedges/PIS and COFINS/CBIOS	(453)	(643)	(564)	(1,017)	(1,321)

Retail (In millions of Reais)	2Q21	2Q20	1Q21	1H21	1H20
Adjusted Operating Expenses	(290)	(18)	(397)	(687)	(195)
Settled hedge result	51	(221)	172	223	(296)
CBIOS	36	-	36	72	-
Operating Expenses without Hedges/PIS and COFINS/CBIOS	(203)	(239)	(189)	(392)	(491)

B2B (In millions of Reais)	2Q21	2Q20	1Q21	1H21	1H20
Adjusted Operating Expenses	(256)	(112)	(453)	(709)	(267)
Settled hedge result	23	(106)	101	124	(155)
CBIOS	14	-	14	28	-
Operating Expenses without Hedges/PIS and COFINS/CBIOS	(219)	(218)	(338)	(557)	(422)

VOLUME OF SALES (THOUSAND M³)

BR consolidated

Products	2Q21	2Q20	2Q21 X 2Q20	1Q21	2Q21 X 1Q21
Diesel	4,192	3,703	13.2%	4,061	3.2%
Gasoline	2,287	1,757	30.1%	2,193	4.2%
Ethanol	753	596	26.3%	893	-15.8%
Fuel Oil	654	394	66.0%	641	2.1%
Coke	177	652	-72.9%	566	-68.7%
Fuel Aviation	566	150	277.5%	731	-22.5%
Other	230	575	-59.9%	252	-8.4%
Total	**8,859**	**7,827**	**13.2%**	**9,337**	**-5.1%**

Retail

Products	2Q21	2Q20	2Q21 X 2Q20	1Q21	2Q21 X 1Q21
Diesel	2,332	2,037	14.5%	2,302	1.3%
Gasoline	2,268	1,741	30.3%	2,174	4.3%
Ethanol	750	594	26.1%	890	-15.7%
Other	60	56	8.2%	64	-6.3%
TOTAL	**5,410**	**4,428**	**22.2%**	**5,430**	**-0.4%**

B2B

Products	2Q21	2Q20	2Q21 X 2Q20	1Q21	2Q21 X 1Q21
Diesel	1,860	1,666	11.6%	1,759	5.7%
Fuel Oil	654	394	66.0%	640	2.2%
Coke	177	652	-72.9%	566	-68.7%
Other	192	536	-64.3%	210	-8.7%
TOTAL	**2,883**	**3,249**	**-11.3%**	**3,175**	**-9.2%**

Aviation Market

Products	2Q21	1Q21	2Q21 X 2Q20	1Q21	2Q21 X 1Q21
ATF	561	146	283.8%	726	-22.6%
GAV	5	4	33.2%	5	0.0%
Other	1	1	4.5%	1	-68.1%
TOTAL	**567**	**150**	**276.7%**	**732**	**-22.6%**

CASH FLOW RECONCILIATION

The working capital requirement was greater in this period, resulting in smaller free operating cash generation compared with 1H20.

In millions of Reais	1H21	1H20
EBITDA	**1,831**	**1,026**
IR/CS paid	-1	-71
Noncash effects on EBITDA	734	-68
Working capital	(2,425)	697
Cash Flows from Operating Activities	**139**	**1,584**
CAPEX	(287)	(224)
Other	130	8
Cash Flows from Investment Activities	**(157)**	**(216)**
FREE CASH FLOW	**(18)**	**1,368**
Financing/leases	521	1,577
Cash Flows from Financing Activities	521	1,577
FREE CASH FOR SHAREHOLDERS	**503**	**2,945**
Dividends/interest on equity paid to shareholders	**(1,550)**	**-**
Net cash produced by (used in) the period	**(1,047)**	**2,945**
Opening balance	**3,358**	**2,362**
Closing balance	**2,311**	**5,307**

Notes:

1. Cash funds paid as bonuses advanced to clients, R$ 288 million in 1H21 (R$ 207 million in 1H20) are presented in working capital changes.
2. Cash funds paid as performance bonuses, R$ 194 million in 1H21 (R$ 143 million in 1H20) are deducted from EBITDA.
3. Capex investments consist of disbursements to form property, plant and equipment and intangible assets and do not include bonuses advanced to clients.
4. “Noncash effects on EBITDA” include: estimated credit losses, losses and provisions for judicial and administrative proceedings, pension and health plans, redundancy plans, proceeds from the sale of assets, amortization of insurance, rental and other, net monetary/exchange interest and variance (deducted from net financing) and other adjustments, as presented in the Statement of Cash Flows, an integral part of the annual financial statements.
5. Working Capital mainly includes: Change in accounts receivable (1H21: - R$ 588 million, of which R$ 137 million was electric sector receipts and 1H20: +R$ 1,065 million, of which R$ 217 million consists of electric sector receipts); bonuses advanced to clients (1H21: -R$ 288 million and 1H20: R$ 207 million), pension and health plans: (1H21: -R$ 111 million and 1H20: -R$ 114 million), change in Payables (1H21: +R$ 144 million and 1H20: -R$ 1,247 million), change in Tax (1H21: +R$ 28 million and 1H20: -R$ 173 million), change in Inventories (1H21: -R$ 1,053 million and 1H20: +R$ 1,065 million).

OUR FINANCIAL AND OPERATIONAL INFORMATION EXPLAINED

The Company's adjusted EBITDA is a measure used by Management and consists of the Company's net income plus net finance income/loss, income and social contribution taxes, depreciation and amortization expenses, the amortization of bonuses advanced to clients (bonuses advanced to clients are presented in current assets and noncurrent assets), estimated losses on doubtful accounts in connection with the islanded and interconnected power grids, losses and provisions in connection with legal claims, redundancy plans, tax amnesty expenses, commodities hedges in progress and programs and taxes on financial revenue.

The Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by the volume of products sold. The Company uses the Adjusted EBITDA margin as it believes it properly presents its business earnings.

Reconciliation of EBITDA - Consolidated

R$ million	2Q21	2Q20	1Q21	1H21	1H20
EBITDA Breakdown					
Net Income	382	188	492	874	422
Net finance income (costs)	73	(77)	118	191	19
Income tax and social contribution	220	144	267	487	314
Depreciation and amortization	140	136	139	279	271
EBITDA	**815**	**391**	**1,016**	**1,831**	**1,026**
Estimated allowances for doubtful accounts - Electric Sector (islanded and interconnected power systems)	(1)	(1)	(1)	(2)	(1)
Losses and provisions in judicial and administrative proceedings	(54)	(68)	32	(22)	(42)
Amortization of early bonuses awarded to customers	240	157	193	433	307
Redundancy plans	-	1	-	-	(2)
Discount due to salary renegotiation - Organizational Transformation Plan	-	12	-	-	21
Tax Amnesty Program	21	-	41	62	11
Commodity hedges in progress	(5)	308	(61)	(66)	16
Proceeds from disposal - Pecém and Muricy	(2)	-	(44)	(46)	-
Tax expenses on finance income/loss	4	16	6	10	25
ADJUSTED EBITDA	**1,018**	**816**	**1,182**	**2,200**	**1,361**
Sales volume (millions of m^3)	8,859	7,827	9,337	18,196	17,018
ADJUSTED EBITDA MARGIN (R$/$m^3$)	**115**	**104**	**127**	**121**	**80**

STATEMENT OF FINANCIAL POSITION - ASSETS - IN MILLIONS OF REAIS

Assets	Consolidated 06/30/2021	Consolidated 12/31/2020
Current		
Cash and cash equivalents	2,311	3,358
Net accounts receivable	4,620	3,997
Inventories	4,637	3,545
Advances to suppliers	16	55
Income tax and social contribution	126	126
Taxes and contributions recoverable	1,857	1,417
Advanced bonuses awarded to clients	658	592
Prepaid expenses	100	60
Derivative financial instruments	41	19
Assets held for sale	11	11
Other current assets	80	171
	14,457	**13,351**
Noncurrent		
Long-term		
Net accounts receivable	636	752
Judicial deposits	1,174	1,164
Taxes and contributions recoverable	610	1,422
Deferred income tax and social contribution	1,935	1,705
Advanced bonuses awarded to clients	1,540	1,753
Prepaid expenses	124	139
Derivative financial instruments	332	498
Other noncurrent assets	12	14
	6,363	**7,447**
Investments	524	448
Property, plant and equipment	6,693	6,723
Intangible assets	527	358
	14,107	**14,976**
Total Assets	**28,564**	**28,327**

STATEMENT OF FINANCIAL POSITION - LIABILITY AND EQUITY

IN MILLIONS OF REAIS

Liabilities	Consolidated 06/30/2021	12/31/2020
Current		
Trade payables	2,394	2,196
Loans and Borrowings	657	2,082
Leases	131	115
Customer advances	616	666
Income tax and social contribution	262	-
Taxes and contributions payable	190	355
Dividends and interest on capital	717	942
Payroll, vacations, charges, bonuses and profit sharing	171	233
Severance and restructuring programs	-	1
Pension and health plan	102	102
Derivative financial instruments	23	81
Provision for Decarbonization Credits	100	-
Other accounts and expenses payable	207	169
	5,570	**6,942**
Noncurrent		
Financing	7,642	5,675
Leases	698	681
Pension and health plan	1,736	1,768
Derivative financial instruments	190	-
Provision for judicial and administrative proceedings	834	899
Other accounts and expenses payable	119	155
	11,219	**9,178**
	16,789	**16,120**
Equity		
Paid-in capital	6,353	6,353
Profit reserves	6,621	7,055
Capital reserve	6	4
Asset and liability valuation adjustments	(1,205)	(1,205)
	11,775	**12,207**
Total Liabilities	**28,564**	**28,327**

STATEMENT OF PROFIT OR LOSS - IN MILLIONS OF REAIS

	Consolidated	
	06/30/2021	06/30/2020
Revenue from goods sold and services rendered	55,156	36,070
Cost of goods sold and services provided	(52,010)	(34,528)
Gross profit	**3,146**	**1,542**
Operating expenses		
Sales	(1,141)	(1,110)
Expected credit losses	(163)	(98)
General and administrative	(317)	(283)
Tax	(87)	(58)
Other net revenue (expenses)	105	764
	(1,603)	**(785)**
Net income before financial income/loss and taxes	**1,543**	**757**
Finance		
Costs	(186)	(202)
Revenue	221	172
Exchange and monetary variance, net	(226)	11
	(191)	(19)
Equity earnings	**9**	**(2)**
Income before tax	**1,361**	**736**
Income tax and social contribution		
Current	(717)	(271)
Deferred	230	(43)
	(487)	**(314)**
Net income for the period	**874**	**422**
Basic and diluted net income per common share - R$	0.75	0.36

Share capital consists of 1,165,000,000 common shares.

SEGMENT REPORTING - IN MILLIONS OF REAIS

Consolidated statement of Net Income by Business Sector - Current quarter (4/1/2021 to 6/30/2021)

	Retail	B2B	Aviation market	Corporate	Total segments	Reconciliation with financial statements		Total
Sales Revenue	18,245	9,278	1,740	-	29,263	(240)	(a)	29,023
Cost of goods sold	(17,521)	(8,658)	(1,568)	-	(27,747)	(3)	(b)	(27,750)
Gross profit	**724**	**620**	**172**	**-**	**1,516**	**(243)**		**1,273**
Expenses								
General, administrative and sales	(253)	(228)	(64)	(62)	(607)	(136)	(c)	(743)
Tax	2	(4)	-	3	1	(23)	(d)	(22)
Other net revenue (expenses)	(39)	(30)	(1)	176	106	59	(e)	165
Equity earnings	-	6	-	(4)	2	-		2
Net finance income (costs)	-	-	-	-	-	(73)	(f)	(73)
Adjusted EBITDA	**434**	**364**	**107**	**113**	**1,018**			
Net income (loss) before tax						(416)		602

Consolidated statement of Profit or Loss by Business Sector - Previous year's quarter (04/01/2020 to 06/30/2020)

	Retail	B2B	Aviation market	Corporate	Total segments	Reconciliation with financial statements		Total
Sales Revenue	9,137	5,600	302	-	15,039	(157)	(a)	14,882
Cost of goods sold	(8,836)	(5,173)	(274)	-	(14,283)	(3)	(b)	(14,286)
Gross profit	**301**	**427**	**28**	**-**	**756**	**(160)**		**596**
Expenses								
General, administrative and sales	(243)	(225)	(112)	(11)	(591)	(132)	(c)	(723)
Tax	-	(3)	-	2	(1)	(16)	(d)	(17)
Other net revenue (expenses)	225	116	4	308	653	(253)	(e)	400
Equity earnings	-	-	-	(1)	(1)	-		(1)
Net finance income (costs)	-	-	-	-	-	77	(f)	77
Adjusted EBITDA	**283**	**315**	**(80)**	**298**	**816**			
Net income (loss) before tax						**(484)**		**332**

SEGMENT REPORTING - IN MILLIONS OF REAIS

Consolidated statement of Net Income by Business Sector - Consolidated (6/30/2021)

	Retail	B2B	Aviation market	Corporate	Total segments	Reconciliation with financial statements		Total
Sales Revenue	34,387	17,608	3,594	-	55,589	(433)	(a)	55,156
Cost of goods sold	(32,545)	(16,257)	(3,202)	-	(52,004)	(6)	(b)	(52,010)
Gross profit	**1,842**	**1,351**	**392**	**-**	**3,585**	**(439)**		**3,146**
Expenses								
General, administrative and sales	(492)	(593)	(180)	(85)	(1,350)	(271)	(c)	(1,621)
Tax	(10)	(4)	(1)	-	(15)	(72)	(d)	(87)
Other net revenue (expenses)	(185)	(125)	2	279	(29)	134	(e)	105
Equity earnings	-	13	-	(4)	9	-		9
Net finance income (costs)	-	-	-	-	-	(191)	(f)	(191)
Adjusted EBITDA	**1,155**	**642**	**213**	**190**	**2,200**			
Net income (loss) before tax						**(839)**		**1,361**

Consolidated statement of Net Income by Business Sector - Consolidated (6/30/2020)

	Retail	B2B	Aviation market	Corporate	Total segments	Reconciliation with financial statements		Total
Sales Revenue	21,738	12,180	2,459	-	36,377	(307)	(a)	36,070
Cost of goods sold	(20,955)	(11,331)	(2,236)	-	(34,522)	(6)	(b)	(34,528)
Gross profit	**783**	**849**	**223**	**-**	**1,855**	**(313)**		**1,542**
Expenses								
General, administrative and sales	(537)	(442)	(222)	(26)	(1,227)	(264)	(c)	(1,491)
Tax	(8)	(5)	(2)	(7)	(22)	(36)	(d)	(58)
Other net revenue (expenses)	350	180	7	220	757	7	(e)	764
Equity earnings	-	-	-	(2)	(2)	-		(2)
Net finance income (costs)	-	-	-	-	-	(19)	(f)	(19)
Adjusted EBITDA	**588**	**582**	**6**	**185**	**1,361**			
Net income (loss) before tax						**(625)**		**736**

SEGMENT REPORTING - RECONCILIATION AGAINST THE FINANCIAL STATEMENTS IN MILLIONS OF REAIS

(a) Sales Revenue	2Q21	2Q20	1H21	1H20
Appropriation of early bonuses awarded to customers				
Sales revenue is adjusted for advanced bonuses awarded to service station resellers to which the Company distributes fuel and lubricant. Corresponding to the portion provided mainly in kind and realized under the terms established in advance with such parties, which once completed, become nonreturnable, being absorbed as expenses by the Company. This corresponds to a target scheme which, once met, exempts the customers – resellers of service stations – from returning to the Company these amounts advanced as bonuses. They are classified in profit or loss in proportion to their due dates.	(240)	(157)	(433)	(307)
(b) Cost of goods sold				
Depreciation and amortization	(3)	(3)	(6)	(6)
(c) General, administrative and sales				
Depreciation and amortization	(137)	(133)	(273)	(265)
Expected credit losses				
The adjusted values refer to the provisions relating to receivables owed to the Company by the thermal companies of islanded and interconnected power systems, a segment for which the Company substantially provides service.	1	1	2	1
(d) Taxes				
Tax adjustments denote tax amnesties and tax charges on financial revenue.				
Tax amnesties: payment provisions for joining the amnesty programs established by State Laws and the Special Tax Regularization Program (PERT) from the Federal Government concerning tax liabilities related to ICMS and federal taxes with the State and Federal Government, respectively.	(21)	-	(62)	(11)
Tax charges on revenue: the adjustments refer to expenditure on IOF, PIS and COFINS, levied on the Company's revenue and which are classified as tax expenses.	(4)	(16)	(10)	(25)
Tax charges on disposal revenue - Pecém and Muricy	2	-	-	-
(e) Other net revenue (expense)				
Judicial losses and provisions				
The adjusted amounts consist of losses incurred in final and unappealable lawsuits, as well as the provisions made on the basis of the opinions obtained from the lawyers responsible for handling the lawsuits or by the Company's Legal Department.	54	68	22	42
Redundancy plans				
The adjustments denote the amounts that affected the Company's earnings due to accounts payable and the provision for the estimated expenditure on indemnities related to the plan, as well as the respective reversals due to withdrawals from the plan, as well as severance expenses due to the Company's restructuring.	-	(1)	-	2
Discount due to salary renegotiation - Organizational Transformation Plan	-	(12)	-	(21)
Commodity hedges in progress	5	(308)	66	(16)
Proceeds from disposal - Pecém and Muricy	-	-	46	-
(f) Net financial income/loss	(73)	77	(191)	(19)
Total	**(416)**	**(484)**	**(839)**	**(625)**